

Envysion®

## Loss Prevention Playbook

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### Video-Driven Business Intelligence™



# Introducing Envysion

*Enabling businesses to increase profitability 10-15% by putting powerful video-driven business intelligence™ into the hands of the entire organization*

## Managed Video as a Service (MVaaS)

### Actual Video



+

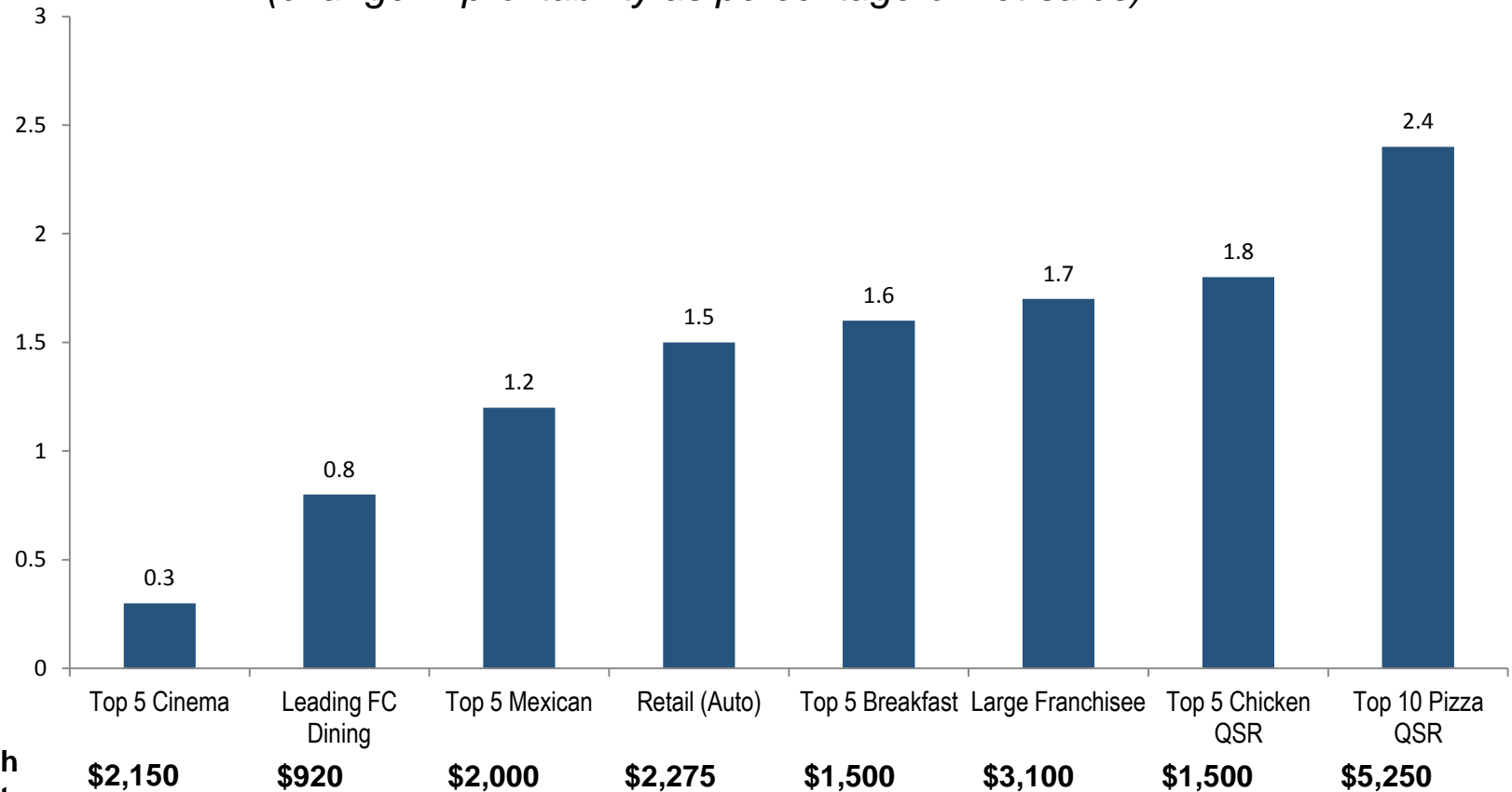
**Business Intelligence**



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# Delivering 1-2% of Revenue to the Bottom Line

## Impact on Profitability (change in profitability as percentage of net sales)



*Note: All financial results measured and reviewed by customer's internal finance groups*

**Monthly Cash Improvement**

# Who is This Playbook for and Why Use It?

This playbook is for those who are new to Loss Prevention, new to using video for Loss Prevention or just looking for some new ideas.

This playbook will help you with strategies and tactics to enhance your loss prevention effort and get the most out of your Envysion service.

When using this playbook, as you consider adopting or adapting any of the plays included herein, be mindful of company culture and make sure you operate within the bounds corporate policy.

Each play in this playbook will help you hone your own best practices and give you valuable insight into your business so you can excel in your role.

# Play: Keeping Honest People Honest



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# Play: Keeping Honest People Honest

One of the interesting aspects of employing a video system for Loss Prevention is the deterrence factor. Regarding employee theft, communicating effectively your policies and technologies used to reduce shrinkage with employees helps keep honest people honest.

Consider employees falling along a spectrum: at one end of the spectrum there are those who will steal regardless; on the other end of the spectrum there are those who are an epitome of everything that is good in the world and would never dream of an unethical act; but in the middle where most of us reside, people tend towards the precedent and may even begin to feel an entitlement.

*“Tommy gave his brother an employee discount. The boss doesn’t seem to care. I’m going to give my sister a discount.”*

We have a way of rationalizing petty dishonesty, especially when the lines between right and wrong are blurry.



# Play: Keeping Honest People Honest

The very first thing to do when you up the ante with any incremental form of security or loss prevention measure is to tell your employees. Don't come across as, "I'm out to get you..." but rather, "I am trying to run a business well and successful businesses use technologies to deter theft and fraud."

For video and exception reporting specifically, as part of policy and employee training, let your employees know that certain transactions and their corresponding video are reviewed.

If policies and expectations are clear, you will help keep honest people honest by making the lines between right and wrong easier to see. There's a lot to be gained from deterrence alone.

## Actions

- ✓ Develop a Loss Prevention policy and include it in your employee handbook
  - Make sure you use clear language communicate expectations and consequences for violations
- ✓ Post policy reminders in visible locations – e.g. backdoor policy reminders on the backdoor, cash handling reminders in the counting area, etc.
- ✓ Have formal discussions when training new hires
- ✓ Have an ongoing, open dialog with employees



**MVaaS Moment** – MVaaS can be used to capture best practices in order to train all employees. In doing so, employees are also reminded that video is used on the premises, keeping honest people honest.



# Play: Prevention with a Good Cash Handling Policy



# Play: Prevention with a Good Cash Handling Policy

Employing an effective cash handling policy can do a lot in the way shrinkage prevention by putting in place the correct checks and balances and processes to mitigate opportunities for theft. Your policy should be posted where employees who handle cash will see it on a regular basis as a friendly reminder. It should also be included in the new employee on-boarding materials; employees should sign a copy to be kept in their employee file.

Your Cash Handling Policy should cover:

- Cash Counts
- Single-drawer accountability
- Cash Drops
- Cash transactions with Customers

## Cash Counts

Cash Counts should happen at the beginning and end of all shifts. As a check and balance, two individuals should count the cash – the manager and the employee manning the register. A record should be kept of beginning and ending cash (the policy should stipulate the amount of beginning cash).

Excessive over- and under-rings, voids and refund activity should also be recorded. This may be an indicator of poor training or a bigger problem such as theft. Video should be used in conjunction with an exception report to review specific, problematic transactions to identify the problem.

## Single Drawer Accountability

Single-drawer Accountability means *one employee, one drawer*. That way, if there is a problem when balancing the drawer at the end of the shift, there's only one person responsible and it makes it a lot easier to troubleshoot.

# Play: Prevention with a Good Cash Handling Policy

## Cash Drops

Cash drops (deposits from the drawer) during a shift should be dictated so that there is never too much cash exposed in the drawer at any given time. If you use a POS system that can track the amount of cash in the drawer in real-time, your policy can stipulate the maximum allowable amount in the drawer. A cautionary note, if speed-of-service is a value proposition, be careful with timing cash drops while lines are long.

Instructions for cash drops:

1. Wait for lull in customer traffic
2. Pull the drawer with the employee and the manager present
3. Both the manager and the employee count current balance in the counting area (not in the open)
4. Subtract current balance from policy beginning balance: this is the amount that should be removed from the drawer and deposited
5. Both the employee and the manager should count and sign-off on the amount removed from the drawer
6. Both the employee and the manager should witness the deposit into the safe

## Cash transactions with customers

Handling cash transactions well with customers eliminates ambiguity and confusion that can be introduced when cash changes hands.

Instructions:

1. Clearly state the cost of the purchase
2. State the amount of the received payment – e.g. “out of five dollars”
3. Set the received payment atop the drawer until the change is paid out. This will ensure that there is no confusion on the part of the employee nor the customer about the payment that was rendered by the customer
  - a. Validate with video that bills are being left outside of the drawer
4. Count back the change – again, to minimize the confusion on both the part of the employee and the customer
  - a. Validate with video – is a pile of change being handed back to the customer or are bills being handed back individually?

# Play: Prevention with a Good Cash Handling Policy

## Actions

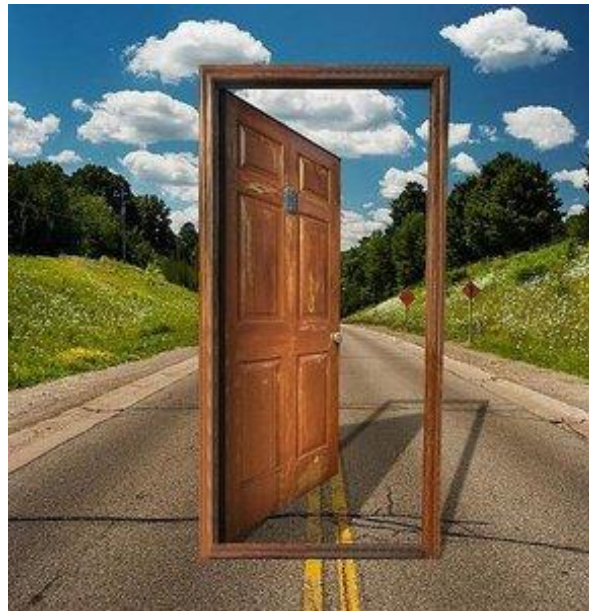
- ✓ If you don't already have a Cash Handling Policy, create one
- ✓ Post your policy where it can be seen as a friendly reminder to those who handle cash – e.g. in the cash counting area
- ✓ Include a copy of the policy in the employee onboarding materials; have new employees sign the copy acknowledging have read and understood the policy. Keep the signed copy in the employee's file
- ✓ Validate that cash handling policies are being followed with video. Take corrective action where problems are discovered including additional training up to termination

## Lost Profits Recovered



**MVaaS Moment** – Use MVaaS to determine if bills are being left outside of the cash drawer. You can check to see if bills and change are counted back to the customer or handed back as a group.

# Play: Protect the Back Door



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# Play: Protect the Back Door

The back door facilitates necessary logistics of any operation – e.g. trash removal and vendor receiving. Being the backdoor, relatively out of sight, it is often a susceptible portal to crime. Managing the back door with the appropriate policies and procedures, aided by technology, you can help to protect yourself against potential issues.

An effective backdoor policy should include:

- Times when the back door should not be opened at all – e.g. after dark or during peak hours
  - Trash runs after dark should go through the lobby doors. The final trash run should occur before doors are locked at closing
- When (perhaps always) the backdoor is to be locked
- Who possesses the keys to the backdoor – i.e. who is allowed to open the backdoor.
- Backdoor should never be propped open
- Any request to enter through the backdoor, for example, by a vendor, should be made or open the back door is to be made at the front counter

## Actions

- ✓ Have a backdoor policy
- ✓ Make sure know and understand the policy. Post the policy where employees will frequently see it – perhaps on the backdoor, itself
- ✓ Use a video surveillance system on the backdoor
  - Bonus points for cameras both inside and outside (for outdoors you will want a camera that works well in poor lighting such as an IR camera)
- ✓ Use motion search with your video system to audit activity around the backdoor when there should be none and that employees are following protocol



**MVaaS Moment** – An MVaaS camera outside the back door will indicate when it is safe to go out. MVaaS enables audits by using motion search on the back door to see if it is opened during periods when it should not be.

# Play: Spot Sweethearts



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# Play: Spot Sweethearts

Sweetheart Deals occur when employees give the customer (usually a friend or family member) a “deal” by giving away items at a discount or for free. These transactions can be prevalent because to the employee, it may not feel wrong because it does not feel like they are blatantly pocketing cash.

For example:

- An Employee gives a patron a discount that the patron doesn't deserve – this could be an employee discount to a friend or a senior discount to teenager
- Employee voids or cancels part or all of the items on an order thereby giving the patron the items at a discount or for free

## *What to look for:*

- High dollar amount of employee discounts: Is the employee really eating \$15 of food? Is there someone on the other side of the counter?
- Employees who have a high number of employee discounts in a single day. Did the employee really take five meal breaks?
- Employees who have the highest number of a specific type of discount – e.g. senior or police discounts. From a random selection of transactions, is the person on the other side of the counter really a senior or a police officer?
- When auditing high-risk transactions, is there someone else on the other side of the counter walking away with the cancelled or voided item?



## Play: Spot Sweethearts

Collusion can potentially be a problem if it is not perceived by the employee as being wrong. If the precedent has been set, employees may feel entitled to “hook up” their friends and family with deals.

See the play: *“Keeping Honest People Honest”*



### Actions

- ✓ Make sure that your policy includes how discounts are to be qualified and given out
- ✓ Create POS reports, especially around discounts and employee and manager meals
- ✓ Schedule time to review (daily or weekly)
- ✓ Validate suspect with Video; check that the recipient of the discount matches the criteria



**MVaaS Moment** – In this play, use MVaaS to validate if the person receiving the discount is entitled to it or if items were actually scanned or given away. Video reveals what actually happened using integrated exception reports to quickly locate key video segments.

**Play:**  
**If Nothing Else, Audit  
High-Risk Transactions**



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# Play: If Nothing Else, Audit High-Risk Transactions

There are certain transactions that can be classified as high-risk. These are transactions that relatively easily enable skimming or under-ringing, allowing employees to pocket your cash. These include:

- Voided sales
- No Sale
- Zero Dollar (or small amount) transactions
- Cash Refunds

**Voided sales** are a common form of skimming. What makes a void so susceptible to theft is that by definition, a voided transaction did not happen (it's not recorded on the books), so employees can merely relieve you of the cash overage, and then everything balances.

## *What to look for:*

- In a typical situation the customer purchases items with cash, walks away and after the fact the employee voids the sale in order to pocket the proceeds.
- To validate, look at the time leading up to the void and watch the customer walk away with purchased items.
- Look to see that the employee is alone or isolated from others at the time the void occurs. Look for the employee lifting cash or making a tally (it may be that the employee will lift the cash at the end of the shift when the cash drawer is switched out).

# Play: If Nothing Else, Audit High-Risk Transactions

**No sale** transactions are an easy way for the employees to open the till to, for example, break larger denomination bills for smaller change. The problem is, "...it's an easy way for the employee to open the till."

## *What to look for:*

- When a customer is present, look for a customer walking away with purchased items even though a No Sale was rung in. The employee may quote the customer the price of the items purchased without actually ringing in the items, ringing in a No Sale to open the till.
- Look for no sale transactions when the employee is alone or isolated; look for blatant cash theft from the till.

**Zero dollar (or small amount) transactions** are a more subtle means of skimming and under-ringing. A zero dollar transaction is akin to a void transaction where items are cancelled after the customer walks away. The small amount transaction can, at first glance, look valid, but under closer scrutiny you may discover a problem.

## *What to look for:*

- The customer clearly purchases and walks away with several items – an entrée, a side, a drink – but the receipt shows a \$0 dollar total or only a small amount – perhaps the price of the drink alone.
- Especially in the case of the small transaction, to validate, be sure to check the previous transaction to make sure that the other items were not previously rung up and the drink was not just a mere "after thought" by the customer.

# Play: If Nothing Else, Audit High-Risk Transactions

**Cash Refunds**, like the other high risk transactions, are a relatively easy way to get at cash.

## *What to look for:*

- There is no item and/or no customer present at the time of the transaction. The refund is pocketed.
- There is a customer receiving a suspicious refund where there is no item or the item does not appear to match the refund.



## Actions

- ✓ Create high probability POS reports
- ✓ Schedule time to review (daily or weekly)
- ✓ Validate suspect transactions with video



**MVaaS Moment** – MVaaS is used in this play to focus specifically on high-risk transactions such as cash refunds, voids or cancelled items on reopened tickets and no sales. Integrated video shows if customers are present or not during these higher-risk transactions, giving you important insight into your business.

# Play: Spot Time Clock Abuse



# Play: Spot Time Clock Abuse

**Requirement:** your employees to use your POS system to clock in and out.

Employees can squeeze extra paycheck dollars for hours not worked by abusing time clock policy. If you use your POS system for employees to clock in and out, this can be relatively easy to spot.

## *What to look for:*

- In an exception report, look for employees working long hours, that do not match the amount of time they are scheduled to work
- In the video:
  - Employees who showed up earlier and clocked in and then left again
  - Employees who left and then showed up later to clock out
  - Friends clocking in or out on behalf of the employee

## Actions

- ✓ If you don't use your POS for employees to clock in and out, set up your system to do so
- ✓ Create POS reports based on employees clocking in and out
- ✓ Schedule time to review (daily or weekly)

**Largest Expense  
= Your Payroll**



**MVaaS Moment** – Video shows if employees are abusing the system when examined in conjunction with exception reports. Do the time clock reports and video of them coming and going match the employee's schedule?

# Play: Chase Your Tail

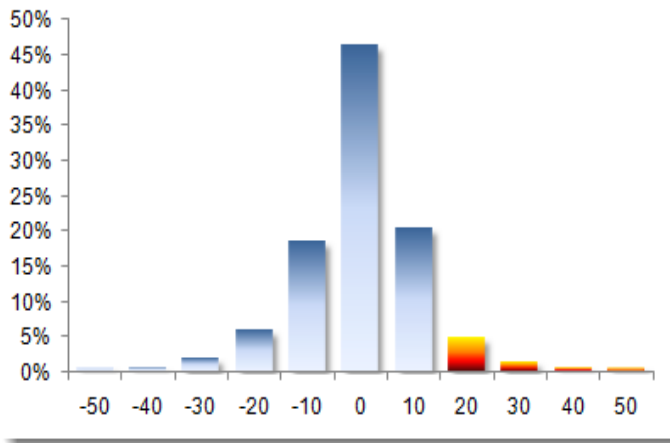


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# Play: Chase Your Tail

There's only so much time in the day. When randomly looking at any one "risky" transaction, there may be a perfectly logical explanation behind it. To hone your efforts, compare employees relatively by look for deviations from the norm; employees in the wrong tail of the normal distribution curve – employees who, for example, consistently have more voided transactions or who give more discounts.



**MVaaS Moment** – Maximize your time by focusing on the most suspect areas. MVaaS automatically identifies key video segments to watch so you need only spend time watching important video.

Any of the high risk reports mentioned above can be modified to target the worst offenders by looking at the top 5% across all employees for the given transaction:

- Voided sales
- No Sale
- Zero Dollar (or small amount) transactions
- Cash Refunds

This will make you more effective, by spending time not only on high risk transactions, but also high risk employees.

## Actions

- ✓ Create POS reports based on high probability transactions with a filter to only include the top 5%
- ✓ Schedule time to review (daily or weekly)
- ✓ Validate suspect transactions by reviewing the corresponding video

# Play: Engage Your Managers



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# Play: Engage Your Managers

Feeling overwhelmed by the day-to-day workload of your Loss Prevention duties? Outsource. You have an entire Loss Prevention team at your disposal: your regional managers and perhaps even your store managers. By engaging your managers to aid in the Loss Prevention process, you are reinforcing an ownership culture, further holding your managers accountable for profitability.

To get buy-in you need to reinforce an ownership culture.

## **Sell it**

In order to successfully rollout a program amongst your managers you are going to need to get buy-in. *This is important.* You are asking them to take on more work so there will be a natural tendency to push back.

To get buy-in you need to reinforce an ownership culture. Your managers are accountable for profitability and therefore, reducing shrinkage. *And* in turn, it helps if their pay (i.e. bonuses) are reflective of store performance which incentivizes their willingness to participate since they will directly reap the benefit.

## **Develop a program**

The key components to a successful program are:

- Expectations
- Training
- Key processes
- Feedback

# Play: Engage Your Managers

## Expectations

If your managers know clearly what is expected of them, they will have a harder time squirming out of the task. Key expectations include:

- How often to conduct audits – e.g. daily, weekly, bi-weekly, monthly
- How much time to spend (this will often correlate with how often they are conducting audits – e.g. daily audits will tend to be shorter than monthly)
- How thorough to be (managed through processes)

## Training

- Training is of course integral to ensure competence so that your managers are able to meet expectations. Also, if a task is abstract, it won't get done. You cannot give your managers a video surveillance tool and say, "go reduce shrinkage..."
- In person training is best; however, if that's not possible, web conference tools are quite adequate. Additionally, if possible, smaller class sizes (5-10) will ensure participants are more attentive.
- Have a limited number of exception reports you want your managers to use – i.e. simple reports targeted at high-risk transactions. Review each report, its purpose, and what customer and/or employee behavior to look for in the video clip.
- Hands-on learning is most effective. Let one manager drive through the task while soliciting comments from other managers as she goes.

# Play: Engage Your Managers

## Processes

Processes span from what to do in case in theft is discovered to what data you want to collect from your managers on an on-going basis to ensure the task is being completed as expected.

Knowing the processes in case **theft is discovered** is really critical, especially given that there may be legal ramifications for mishandled circumstances. Your process should conform to your established loss prevention policies. This will typically include: saving the video clip and escalating the incident to your Loss Prevention and/or Risk Departments.

Another potential process to include is around **report rotation**. For example, if you want to your managers to conduct weekly audits, send out Monday morning which report to use for the current week's audit. This limits the scope of the task for managers and it keeps them engaged by "keeping it fresh" (e.g. not looking at the same thing every week).

Lastly, it is up to you to decide how closely you want to "police" the program. It may be sufficient to only lightly monitor it through processes, and otherwise manage the program through feedback loops. To that extent, the key to is to **collect just enough information** from your managers that you know a task is being completed as expected (without micro managing), but not so much that you cause the program a slow death by bureaucracy.

You can create a basic form to capture the time, location, register, and transaction type of the audit. You can also require that your managers capture some obscure information – e.g. the shirt color of the patron in the clip – in order to reinforce that attention is truly being given to the task.

# Play: Engage Your Managers

## Feedback

Feedback can be gleaned from both the system (usage statistics) and your managers. Use the system to ascertain which managers are participating and which are not. Talk to managers to get feedback about what works and what does not. Feedback is key to continually evolving your program and adapting it to your company culture; listening to your managers' input gives them more ownership of the program which will ultimately drive better results.



**MVaaS Moment** – Assign your managers specific high impact areas. Create video integrated alerts and exception reports and have managers audit high risk transactions on a weekly basis.

## Actions

- ✓ Select the group of managers you wish to have participate in your program
- ✓ Set expectations with the participants
- ✓ Provide training
- ✓ Clearly communicate processes
- ✓ Collect feedback and iterate

# How it all Comes Together



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# How it all Comes Together

Employing a few simple strategies and tactics will help get the most of your video surveillance system. Having gone through this playbook, you've probably noticed a few recurring themes:

- Have a policy and program that is tailored to your organization
- Clear communication of expectations will go a long way as a means of deterrence by playing to the psychological disposition of your workforce and minimizing perceived gray areas
- Reinforce your efforts with video by identifying and addressing training issues and potential fraud





For more information and additional resources:

[www.envysion.com](http://www.envysion.com)

[sales@envysion.com](mailto:sales@envysion.com)

877.258.9441 Option 1 (Toll Free)

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## About Envysion

Envysion enables large, national retail, restaurant, cinema and convenience store operators to increase profitability 10-15% by putting easy-to-use, video-driven business intelligence™ into the hands of the entire organization. Envysion created the Managed Video as a Service ([MVaaS](#)) model which transforms video surveillance into a strategic management tool that provides instant and unfiltered business insights to users across operations, loss prevention, marketing and human resources. The MVaaS model enables Envysion to accelerate innovation by rapidly responding to market opportunity and making new capabilities immediately available to all users. Envysion's platform quickly scales to 1000s of locations and 10,000s of users without straining the IT department or network. For more information, visit [www.envysion.com](http://www.envysion.com) or call 877.258.9441.